of the Prudential Company and discussion of its principles, we may well concede to him success in his effort to make "it plain to the reader that we have in industrial insurance a form of thrift which no economist or student of social questions can properly or wisely ignore,

INDUSTRIAL INSURANCE IN THE UNITED STATES, JANUARY 1, 1900.

COMPANIES.	Home Office.	No. of Policies in Force.	Amounts of Industrial Insurance in Force.
Metropolitan . . .	New York, N. Y.	4,855,756	$688,629,175
Prudential	Newark, N.J. . .	3,406,189	389,039,257
John Hancock . . .	Boston, Mass. . .	1,069,197	141,609,904
Life Ins. Co. of Va.	Richmond, Va. .	219,679	20,246,656
Sun	Louisville, Ky. .	148,049	16,368,863
West'n and South'n	Cincinnati, O. .	117,545	10,881,961
Baltimore Mut. Aid.	Baltimore, Md. .	86,251	5,150,963
Pacific Mutual . .	San Fran'co, Cal.	61,709	11,779,229
Colonial	Jersey City, N. J.	27,697	2,854,075
Mutual	Baltimore, Md. .	21,132	2,304,762
Provident Life . . .	Wheeling, W.Va.	13,238	1,571,510
		10,026,442	$1,290,436,355

a form of thrift which rather than deserving of that marked degree of indifference which alone explains the paucity of all reference to the entire subject of life insurance in works on economics and social science, is fully worthy of the most careful and thorough study on the part of those who concern themselves with socio-economic questions directly affecting the welfare of the working people of this country."

ROLAND P. FALKNER.

The Trust Problem. By JEREMIAH WHIPPLE JENKS, Ph. D. Pp. 279. Price, $1.00. New York: McClure, Phillips & Co., 1900.

In "The Trust Problem" Professor Jenks has given us an excellent piece of scientific writing. He has confined himself very largely to a presentation of important facts, reserving his judgment until it can be more safely given, telling his reader what is, instead of attempting to determine what ought to be. A summary of the main features of the book will furnish its most satisfactory review. The spirit of the author is set forth in the introduction: "It is hoped that the prejudices which are common to all have not prevented a reasonable degree of fairness in seeing and depicting both sides of this question, the good as well as the evil.

The first chapter contains an analysis of competition. The author combats the notion that it is "free" in anything like the absolute

sense, offering as evidence, the friction of retail trade, the numerous understandings among manufacturers and dealers, and the monopoly of patents, trade marks and large capital. In Chapter II the author continues his line of argument by showing that competitive prices measured from the cost of production as a standard are quite likely to be high prices. The high cost of marketing, including the expenses of advertising, must be added to the cost of production, often increasing prices far above the normal level. Bad debts, which the consumer must pay, useless duplication of plants, a low standard of capacity in salaried employes, insufficient machinery in small plants, all unite, under the competitive system, to increase the cost to the consumer of articles produced under so-called "free" competition. Having put the competitive system in its proper light, the discussion next turns upon the origin of trusts. The advantage of escaping the wastes of competition already described is naturally the first cause. The second is of the nature of special privileges. Under this head the author discusses tariff protection against foreign competition and railway discrimination. He concludes that both of these causes have assisted the formation of trusts, but cautions his readers against exaggerating their importance.

Chapter III contains a discussion of combination and monopoly. The author defines monopoly as meaning "unified control enough to hold competitors well in check, as evidenced by the power to put prices higher than former competitive rates, while still excluding nearly all competitors;" and on the basis of this definition concludes that the trusts controlling as they do the larger part of the output in the industries in which they have been formed, may fairly be considered monopolistic in character, and therefore able to fix prices at such a point as to secure the largest net return without regard to the cost of production. If only 10 or 15 per cent of the productive power in any industry remains outside a trust, but little restraint can be exercised upon the control of prices by the large organization. If the outside producers attempt to undersell the trust, they cannot supply more than a small portion of the market. Although this argument is theoretically sound, yet the experience of the sugar war seems to contradict it. It is difficult for any producer, no matter how powerful he may be, to maintain two prices in the same market. There can be no doubt, however, as to the author's point that as between markets widely separated, local competition can be met and conquered by a trust, while yet the general level of prices is firmly maintained. In Chapter V a most useful piece of work is presented in a careful analysis of the methods of financiering the trusts. The work of the promoter and underwriter is explained, the different securities used

are described, and the evils attending trust financiering are indicated. Some exception may be taken to the discussion on the ground of incompleteness, but in a work of such wide scope, this criticism must weigh lightly. In Chapter VII, the basis of capitalization of the trusts is considered. The author defines in the preceding chapter a certificate of stock as "a receipt for a certain amount of capital paid into a company to enable it to carry on business." This definition hardly accords with his description of the actual basis of capitalization, which he considers to be real or supposed earning power—not implying a transfer of property or services in exchange for more than a portion of the stock issued. This practice, as it is at present carried on, he considers to be socially dangerous, involving frequent deception of the investor, and concealment of real profits from possible competitors, also, in some cases, conceivably inciting directors to keep up prices for the sake of temporary dividends which are designed to call attention to the value of their salable stock, whereas their interest, as managers of an industry, would incline rather to a lower scale of prices, ensuring a sustained prosperity. The remedy indicated by Professor Jenks is publicity. It is to be doubted whether the advocates of publicity have clearly understood the nature of the evil which they seek to amend. In so far as the over-issue of stock results from undue payments to promoters and underwriters, or exaggerated estimates of the previous earning capacity of plants, publicity may serve as a corrective, but so far as new capitalization is based upon estimates of the profits to be derived from an entirely new form of industrial organization, the value of these estimates, and by consequence, the value of the stock, can only be shown by the result. The trust promoter issues stock on the basis of large promises, whose measure of fulfillment only the future can reveal. Publicity, it will be easily seen, cannot perform the rôle of prophesy. Publicity as to present facts is effective; but to the future, it has no application.

In the chapter on organization and management, the author gives a clear statement of the forms of industrial combination in the United States—the "Pool," the "Trust" and the large corporations owning the stocks and plants of numerous other companies. The methods of management, he concludes, give too large discretion to the directors, who have often abused the trust, to gamble in the securities of their corporation, but on the other hand, there is the danger that if too large power of examination be given to stockholders, important business secrets may be revealed to competitors. The weight of this alternative is doubtful. It is deprived of all force by the provision that holders of a certain large amount of stock may have, at all times, full liberty of inspection and criticism.

In Chapter VII a discussion of prices presents the most important results of Professor Jenks' investigations. His object is to determine, by a study of the prices of different articles produced by the trust, whether, as a matter of fact, they have used the power to raise prices above the competitive level which they are supposed to possess. His method is to examine over a series of years the prices of sugar, whiskey, petroleum, tin plate, billets and wire, as typical trust products, and to determine by a comparison between the price of the raw materials and of the finished products, whether the margin of profit has been increased under trust control. On the whole, he concludes, although with many cautions and qualifications which inspire faith in the accuracy of his conclusions, that the prices which he examines are higher under the control of the trusts. A serious defect in this chapter is the complexity of the various charts which are inserted as an aid to comprehension. The intention of these charts is to show the variation of the margin between raw material and finished product over a series of years. Instead, therefore, of representing the various items from which this fact is ascertained, in a complex arrangement difficult of understanding, a more satisfactory method would have placed upon the chart merely the lines representing the margins of differences which would thus be emphasized and clearly distinguished. The arrangement employed in these charts is the more unsuitable in view of the audiences which Professor Jenks aims to address. He has carefully and most considerately omitted the distressing profusion of foot-notes and references which scientific writers advance in evidence of their reputability, and which often make the reader's path through their ring-streaked and speckled pages a rough and stony journey; a reconstruction of these charts appears therefore to be the one thing needful to bring the book fully within the scope and compass of the common mind.

In Chapter IX, the relation of the trust to the wage-earner is considered. The author points out that the larger organization of manufacturing industry has given increased power over the laborers employed in the various plants, for the reason that a strike in one plant can be followed by a transfer of orders to some other, allowing the disaffected employes to remain out indefinitely, without their being able in any way to injure the combination. This result of the trust, however, Professor Jenks considers to be a temporary evil, since he is inclined to believe that the larger organization of labor to meet the advantage of capital will follow, enabling the workingman to claim a large share of the fund available for wages or profits which the economies of the trust have created.

Under the heading, "Political and Social Effects," special attention

is given to the charge so often brought against the trusts that they stifle enterprise and bar the door of opportunity against the ingenious and energetic who are well fitted to succeed as independent producers. The author admits the qualified truth of this charge, and notes especially the growth and prevalence of nepotism in large corporations, but he offers as a compensation the elimination of the unfit from independent business activity. Many men enter business who are entirely unfitted for self-direction and society is at the expense of supporting these incapables often for considerable periods, weeding them out only by the drastic and purging processes of panic and liquidation. By placing the direction of industry in the hands of the more capable, business is made more stable and mistakes more uncommon. A suggestive passage attempts to show the growing dependence of every member of society, beginning with the highest, upon his fellow-men. Social complexity means increased responsibility, and the relation of subordination, now well nigh universal, does not preclude the exercise of the greatest initiative and skill. Professor Jenks might have gone further and shown how futile and barren of all social good are the methods by which most business success is achieved, and how great a blessing to society will prove a general organization of industry which will turn the world's brain power from finance, which means competition to industry, which means social welfare.

In the final chapter the discussion is summarized and a few tentative remedies are suggested, *i. e.*, increased power to be conferred upon the interstate commerce commission, amendment of the patent law to throw open the use of every patent on payment of a royalty to the inventor; reduction of duties, always, however, with the fear of international combination in mind, and above everything else, publicity for the consumer, the wage-earner, the possible competitor and the investor. These remedies are cautiously advanced, and the final word of the author to those who would reform the trusts is to make haste slowly, and to understand the question better before attempting to deal with it on a large scale. A valuable aid to a better understanding of the trust problem is this fair, deliberate, cautious and exhaustive discussion, which should serve as a model to all those who write on present day problems and who are so often misled by their faulty perspective.

EDWARD SHERWOOD MEADE.

University of Pennsylvania.

Government or Human Evolution. Justice. By EDMOND KELLY, M. A., F. G. S. Pp. xv, 360. Price, $1.50. New York: Longmans, Green & Co., 1900.

This book follows the method of contrasts, a method which accords